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TAIWAN'S ECONOMIC INDEPENDENCE

At a recent session of the Executive Yuan to discuss "another" economic reform, the first decision made was to adjust the exchange rate of Taiwan currency with the gold yuan from 1,935 Taiwan yuan per gold yuan to 1,000 to one. This action gives evidence of both the decline in value of the gold yuan and also of the emphasis being placed on Taiwan by the National Government. Taiwan incurred great hardship from the instability of the reform measures of 19 August, despite the fact that she was far removed from the internal military and economic factors which caused the instability. In the 70 days of reform, Taiwan currency in circulation increased by 150 percent, thus undermining its value.

Recovery will not be easy because of the difficulty of decreasing the amount of currency in circulation and rolling prices back to their former levels. A start has been made, however, by adjustment of the exchange rate and action by the provincial government in restricting remittances from outside the province. It may be seen that Taiwan is traveling a special road and that both the people and their government are demanding independence in economic decisions as a means of solving present and future problems.

In this respect, the recent speech by Ma Ch'eng-lo (Ma Chien-tung) in Taihoku (T'ai-pei), in which he emphasized the importance of regional economics and discussed their development in China from historical, geographic, economic and strategic points of view, was very timely and has been very well received in Taiwan.

In addition to the exchange rate question, Taiwan authorities have also directed other proposals to the Central Government:

1. That Taiwan currency be put on the gold standard, and the Bank of Taiwan be permitted to retain converted gold, silver, and foreign currency as a monetary reserve.
2. That permission be granted for Taiwan currency to be exchanged directly with foreign currency and that it no longer be pegged to the gold yuan.

- 1 -

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3. That idle Chinese capital now in Taiwan from continental China in the amount of 50 billion yuan Taiwan currency be forced to purchase shares of stock in Taiwan sugar or paper industries, or to purchase irrigation and land bonds.

4. That Taiwan's trade relations with other provinces be placed on a barter basis.

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- 2 -

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